

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2020-294-C - ORDER NO. 2021-_____

March 18, 2021

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| IN RE: | Application of Uniti National LLC for a |) | ORDER GRANTING |
| | Certificate of Public Convenience and |) | CERTIFICATE AND |
| | Necessity for Authority to Provide Local |) | APPROVING |
| | Exchange (including Exchange Access) and |) | ALTERNATIVE AND |
| | Interexchange Telecommunications Services |) | FLEXIBLE |
| | in the State of South Carolina and for |) | REGULATION |
| | Alternative Regulation and Flexible |) | |
| | Regulation |) | |

This matter comes before the Public Service Commission of South Carolina (“Commission”) by way of the Application of Uniti National LLC (“Uniti National,” “Company,” or “Applicant”) requesting a Certificate of Public Convenience and Necessity authorizing Uniti National to provide facilities based and resold local exchange and interexchange telecommunications services within the State of South Carolina.

The Application was filed pursuant to S.C. Code Ann. § 58-9-280 and the rules and regulations of the Commission. By the Application, the Company also requests flexible regulation of its local exchange service offerings pursuant to Order No. 98-165 in Docket No. 1997-467-C, alternative regulation of its interexchange business offerings pursuant to Commission Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C as modified by Commission Order No. 2001-997 in Docket No. 2000-407-C, and waiver of certain Commission regulations.

The Commission's Docketing Department instructed the Company to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of the Company and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the South Carolina Telephone Coalition ("SCTC"). Subsequent to the intervention, the Company and SCTC reached a Stipulation, attached hereto as Order Exhibit 1.

On March 11, 2021, counsel for the South Carolina Office of Regulatory Staff ("ORS") filed a letter with the Commission setting out that it had reviewed the Application and did not oppose the Commission granting the Application. The ORS also informed the Commission that it did not intend to appear at the hearing in this Docket.

A virtual hearing was held on March 15, 2021, at 2:00 P.M. before the Hearing Examiner, Jerisha Dukes. The Applicant was represented via videoconference by John J. Pringle, Jr., Esquire. The SCTC and ORS did not appear at the hearing.

Jeffrey R. Strenkowski, Vice President and Deputy General Counsel of Governmental Affairs at Uniti Group Inc. ("Uniti Group"), which is the corporate parent of the Company appeared and via video conference testified in support of the Application. The record reveals that the Company is a limited liability company ("LLC") organized under the laws of the State of Delaware and registered to do business in the State of South Carolina.

According to Mr. Strenkowski, the Company seeks authority as a provider of facilities based and resold local exchange and interexchange services. Mr. Strenkowski explained the Company's request for authority, and the record further reveals the Company's services, operations, and marketing procedures.

Uniti National has recently acquired certain fiber optic assets (telephone plant, line or system) from certain of Windstream Holdings Inc.'s competitive local exchange carrier subsidiaries (collectively, "Windstream") and has granted a 20-year indefeasible right of use ("IRU") to Windstream for those fiber assets that Windstream uses to provide services. Uniti National will have access to lease, sell or otherwise utilize those fiber assets that are not being granted back to Windstream. Uniti National may sublease those facilities to one or more of its affiliates that have operating authority to do business in South Carolina, or may itself provision services to business customers, other carriers, or other third parties. Using the spare capacity on fiber assets not granted back to Windstream via the IRU, Uniti National may itself provision services to business customers, other carriers, or other third parties.

Uniti National does not currently anticipate providing any service besides private line services (i.e., high-capacity backhaul Ethernet), but may provide other arrangements such as dark fiber, fiber spectrum leases, or other high-capacity services. Uniti National will primarily serve enterprise and carrier customers. Mr. Strenkowski also discussed Uniti National's technical, financial, and managerial resources to provide the services for which it seeks authority. Mr. Strenkowski offered that Uniti National possesses sufficient financial resources to support its operations in South Carolina.

With regard to management and technical capabilities, the Company's Application and Mr. Strenkowski's testimony both evidence that the Company's management has extensive experience in telecommunications, information technology, regulatory matters, and accounting and finance. Mr. Strenkowski also testified that the Company will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders. Mr. Strenkowski offered that approval of the Company's Application would serve the public interest.

The Company requested a waiver of Commission Regulation 103-610, since the Company's books are maintained in Arkansas. Further, the Company requests an exemption from record keeping policies that require maintenance of financial records in conformance with the Uniform System of Accounts ("USOA"). The Company maintains its books in accordance with Generally Accepted Accounting Principles ("GAAP"). Additionally, the Company seeks a waiver of Commission Regulation 103-631, so that it will not be required to publish local exchange directories. To the extent that the Company provides retail local exchange service in the future, the Company will contract with at least one incumbent local exchange carrier (or its directory publishing affiliate) for the inclusion of the Company's customer databases in an appropriate directory. Further, the Company does not intend to provide retail residential local exchange services in South Carolina at this time, and therefore the bond requirement set out in Commission Regulation 103-607 does not apply to the Company.

After consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. The Company is a limited liability company ("LLC") organized under the laws of the State of Delaware and registered to do business in the State of South Carolina by the Secretary of State.

2. The Company seeks authority to provide local exchange and interexchange telecommunications services in South Carolina.

3. The Company has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280(B)(1).

4. The Company's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280(B)(3).

5. The Company will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280(B)(4).

6. The services to be provided by the Company will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280(B)(2).

7. The provision of local exchange service by the Company "does not otherwise adversely impact the public interest." S.C. Code Ann. Section 58-9-280(B)(5).

8. The Stipulation between the SCTC and the Applicant is in the public interest.

9. The ORS does not object to the relief requested in the Application.

10. The Company requests a waiver of 10 S.C. Code Ann. Regs. 103-610 . The Commission finds the Company's requested waiver reasonable and understands the potential difficulty presented to the Company should the waiver not be granted. Further, we find that a waiver of 10 S.C. Code Ann. Regs. 103-610 to be in the public interest. We also believe that exemption from the policies that would require the Company to keep its records under the USOA is reasonable. Finally, since the Company does not intend to provide retail residential local exchange services, we find that it is appropriate and reasonable to waive 10 S.C. Code Ann. Regs. 103-607. Should the Company offer residential local exchange services in the future in South Carolina, we find that it should comply with the bond requirement of 10 S.C. Code Ann. Regs. 103-607. The requested waiver of Commission Regulation 103-631 is reasonable and thus, the Company will not be required to publish local exchange directories.

CONCLUSIONS OF LAW

1. The Commission concludes that the Company possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application.

2. The Commission concludes that the Company will participate in the support of universally available telephone service at affordable rates to the extent that the Company may be required to do so by the Commission.

3. The Commission concludes that the Company will provide services which will meet the service standards of the Commission.

4. The Commission concludes that approval of the Company's Application to provide resold and facilities-based local exchange and interexchange telecommunications services within South Carolina will serve the public interest by providing for efficient use of existing telecommunications resources.

5. The Commission concludes that the provision of telecommunications service by the Company will not adversely impact the public interest.

6. The Commission concludes that the issuance of the authority to provide local exchange and interexchange telecommunications services as requested by the Company and as set forth in its Application and Mr. Strenkowski's testimony is in the best interests of the citizens of the State of South Carolina.

7. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to the Company to provide facilities based and resold intrastate local exchange and interexchange telecommunications services.

8. The Commission concludes the Company's local exchange telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for the Company's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels approved by the Commission. Further, the Company's local exchange service tariff filings are presumed valid upon filing. An investigation of the tariff filing may be instituted within thirty (30) days of the tariff filing, in which case the tariff filing would be suspended

pending further Order of the Commission. If an investigation is instituted on a particular tariff filing, notice of the investigation will be provided to the person or entity making the tariff filing and to the Commission. The notice is timely if dated within thirty days of the filing date. Further, any such tariff filings will be subject to the same monitoring process as similarly situated local exchange carriers.

9. Should the Company offer residential interexchange services in the future, the Commission adopts a rate design for the Company for its residential interexchange services which include maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. *In Re: Application of GTE Sprint Communications Corporation, etc.*, Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

10. Should the Company offer residential interexchange services in the future, the Company shall not adjust its residential interexchange rates for end-users below the approved maximum level without notice to the Commission and to the public. The Company shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. *In Re: Application of GTE Sprint Communications, etc.*, Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services

reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. § 58-9-540 (Supp. 2016).

11. The Commission concludes that the Company's intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Commission has previously granted this "alternative regulation" to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires the Commission to allow this flexible regulation to those carriers which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain "operator-assisted calls" where a customer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for

business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven (7) days, the tariff filing will then be suspended until further order of the Commission.

12. We conclude that the Company's request for waiver of 10 S.C. Code Ann. Regs. 103-610 should be granted, since strict compliance with the regulation potentially causes undue hardship on the Company. We also grant exemption from the policies requiring the use of USOA, and grant waiver of S.C. Code Ann. Regs. 103-631.

11. The Stipulation between the Company and the SCTC should be approved.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to the Company to provide facilities based and resold local exchange and interexchange telecommunications services within the State of South Carolina.

2. The regulatory treatment adopted for the Company's services shall conform to the design described in Conclusions of Law above.

3. If it has not already done so, the Company shall file its revised tariff utilizing the Commission's e-filing system for tariffs within thirty (30) days of the issuance of this Order. The revised tariff should be electronically filed in a text searchable PDF format using the Commission's DMS System (<http://dms.psc.sc.gov>). An additional copy should be sent via email to etariff@psc.sc.gov to be included in the Commission's ETariff System (<http://etariff.psc.sc.gov>). Future revisions to the tariff should be made using the ETariff

System. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

4. The Company shall resell the services regulated by this Commission of only those local exchange carriers (LECs) authorized to do business in South Carolina by this Commission.

5. The Company shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, the Company shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the ORS's website at www.regulatorystaff.sc.gov. The title of this form is "Telecommunications Company Annual Report." This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

6. Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at www.regulatorystaff.sc.gov, and the appropriate form is entitled "Gross Receipts Form."

7. Each telecommunications company certified in South Carolina is required to file annually with the ORS the Intrastate Universal Service Fund ("USF") worksheet, which may be found on the ORS's website at www.regulatorystaff.sc.gov. This worksheet provides ORS information required to determine each telecommunications company's

liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than **August 1st** with the Commission and ORS.

8. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests, and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. The Company shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at www.psc.sc.gov/reference/forms.asp; this form shall be utilized for the provision of this information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced.

9. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

10. The Company requested a waiver of 10 Code Ann. Regs. 103-610 (Supp. 2012), which requires that records required by the Commission’s Rules and Regulations be maintained in South Carolina. The Commission finds the Company’s requested waiver reasonable and understands the potential difficulty presented to the Company should the waiver not be granted. The Commission therefore grants the requested waiver. However, the Company shall make available its books and records at all reasonable times upon

request by ORS, and the Company shall promptly notify the Commission and ORS if the location of its books and records changes. Further, the Commission acknowledges that the Company shall maintain its financial records in conformance with GAAP. Finally, we waive the requirement that the Company file a bond pursuant to S.C. Code Ann. 103-607 until such time as the Company provides retail residential local exchange service in South Carolina.

11. In the event that the Company offers or provides any service that would implicate Title 23, Chapter 47 of the South Carolina Code Annotated, the Company is required to comply with that Title and Chapter, which governs the establishment and implementation of a “Public Safety Communications Center,” which is more commonly known as a “911” system or “911 service.” Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, in the event the Company offers or provides the appropriate services, the Commission hereby instructs the Company to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating, should the Company become interconnected to the public switched telephone network. Contact with the appropriate 911 service authorities is to be made before voice or dial tone service in South Carolina. By this Order and prior to providing voice or dial tone services within South Carolina, the Company shall contact the 911 coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company’s operations as required by the 911 system.

12. The Stipulation with SCTC is hereby approved and incorporated as part of this Order.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Justin T. Williams, Chairman

(SEAL)